



Ministry of Northern Development and Mines (<http://www.mndm.gov.on.ca>)

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Frequently Asked Questions

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Q1: The government has announced it is divesting the ONTC. What exactly does that mean and how does that differ from shutting down the ONTC?

- It is important to note that divestment – or selling of ONTC lines of business – is not foreclosure.

- Divestment is finding private sector buyers to purchase ONTC business lines such as Ontera, ONRail, etc.
- There are opportunities for the private sector to sustain viable business entities from ONTC assets, and potentially find synergies that are unavailable to the ONTC.
- Divesting the ONTC is about moving forward and offering an opportunity for the private sector to provide services in a manner that can stimulate local economies in the North, create jobs and provide viable transportation options.
- The ONTC is continuing operations as it moves through the divestiture process, and the government has committed to ensuring the continuation of bus service to communities currently served only by the ONTC.

Q2: Why is the government divesting the ONTC's assets?

- The government has done much to make the ONTC viable:
 - Since 2003, Ontario has invested over \$430 million.
 - Based on current trends, supporting the ONTC today would require annual support of approximately \$100 million – compared to \$27.6 million in support in 2003.
 - In fact, funding has grown by an unsustainable 256 per cent since 2003. Note: This number has been updated since March 2012 based on confirmed end-of-year, real expenditures of \$98.1 million per year.
- This escalating subsidy is supporting a declining demand for business:
 - With the exception of a few peak periods, both bus and passenger service is operating well below 50 per cent capacity.
 - The subsidy for the Northlander is four times the actual revenue for the business.
 - Subsidies cost taxpayers about \$400 per rider for the Northlander.
- This unsustainable level of financial commitment could be better utilized in efforts to tackle the deficit and protect the province's gains in health care and education – and in valuable job creation programs such as the Northern Ontario Heritage Fund.

Q3: Why are the ONTC's costs increasing so much?

- There are many instances where tax dollars are used to subsidize services where a clear alternative exists. For example, each stop made by the Northlander is also served by an existing bus service. It doesn't make business sense to have that sort of duplication.
- Divesting the ONTC is about moving forward and offering an opportunity for the private sector to provide services in a manner that can stimulate local economies in the North, create jobs and provide viable transportation options.

Q4: What solutions did the government explore other than divestment?

- Since 2003, the government has pursued a number of different options for making the ONTC viable, including:
 - Providing support to allow the ONTC to enhance its refurbishment business and pursue external opportunities – this business line has not evolved to the point that it is self-sustaining.

- Supporting a joint review by the ONTC and Metrolinx of potential synergies between the two agencies – while some opportunities were identified, no significant proposals were jointly recommended that made a material change in ONTC's financial situation, and
- Examining options to cancel the Northlander only – it was determined that the savings from this alone would not address the fundamental financial issues facing the agency.
- These costs made it clear that the government would face ongoing challenges meeting the ONTC's financial issues.

Q5: When is the Northlander train shutting down?

- The last day of service for the Northlander train will be September 28, 2012. Regular scheduled service will continue until then. Every community served by the Northlander train is also served by ONTC motor coach service, which will continue to run as usual.
- Passenger trends indicate that existing ONTC motor coach service can accommodate passengers from the Northlander train. The ONTC will continue its long-standing practice of adding additional buses when passenger volumes exceed existing capacity. We will monitor passenger volumes and work with the ONTC should the need for enhanced bus service become evident.
- The Polar Bear Express will continue between Cochrane and Moosonee. The Niska I ferry will continue to sail from Moosonee to Moose Factory Island with no changes to scheduled service.

Q6: Is the cancellation of the Northlander train service going to mean gaps in service for some communities?

- Every community serviced by the Northlander passenger train service is also served by ONTC motor coach services.

Q7: Will current bus service will be able to handle the extra passengers from the cancelled Northlander?

- Passenger trends indicate that existing ONTC motor coach service has the capacity to accommodate passengers from the Northlander train. The ONTC will continue its regular practice of adding additional buses when passenger volumes exceed existing capacity. We will continue to monitor passenger volumes and work with the ONTC should the need for enhanced bus service become evident.

Q8: What can customers do if they have already booked travel on the Northlander after the shut down date?

- ONTC passenger tickets are transferable to motor coach. Please call the ONTC passenger service line at 1-800-461-8558 for more information or log on to the ONTC website.

Q9: What will happen to the Northlander train cars and other equipment once it

shuts down?

- The ONTC will consider options for the use of Northlander train cars and other equipment upon shutdown.

Q10: What alternative transportation will be available with the closure of the Northlander?

- Every community served by the Northlander train will still be connected by the ONTC motor coach service. And, as you know there are a number of other transportation alternatives providing service in the North.

Q11: Why will the Polar Bear Express be maintained, but not the Northlander service?

- The Polar Bear Express will maintain service because there is no other year-round ground transportation link to the community of Moosonee and the rest of the James Bay coast.

Q12: Do references to the Polar Bear Express extend to include the Moose Factory Island ferry service provided by Niska I?

- Yes. The ferry service is essentially an extension of the rail line from Cochrane to Moosonee and as a result that service will continue.
- Ownership of the Niska I will transfer to the Owen Sound Transportation Company (OSTC). The OSTC already manages the ferry service from Moosonee to Moose Factory and this service will continue.

Q13: Will telecommunications services in Northern communities be affected by the sale of Ontera – the ONTC's telecommunications asset?

- There are opportunities for the private sector to sustain viable businesses from ONTC assets.
- All of the details on the Ontera divestment won't be known until the sales process has been completed.
- No community currently served by Ontera will be left without access to communication services.
- The CRTC is responsible for overseeing the telecommunications industry. The impact of any sale on mandatory service obligations of ONTC/Ontera will be reviewed and addressed through regular CRTC processes.

Q14: How is the divestment going to impact ONTC jobs?

- The final impact on jobs won't be known until the sales process has been completed. ONTC employees can be assured that the government is going to respect the collective agreements, and conduct the transition in a fair and thorough manner with regular and appropriate communication as we move forward.
- It is expected that any prospective purchaser will want to take advantage of the

existing skilled and experienced labour force that is in place. The goal is that many employees would have an opportunity to continue their work under a new, more sustainable business model.

- The government is supporting ONTC in maintaining a positive, professional workplace environment that showcases the value of its labour force to prospective buyers.
- This is an opportunity to move to a new private sector approach that will yield stronger and more efficient telecommunications and transportation services, and sustainable jobs in Northern Ontario.

Q15: What unions are impacted by the divestment, and will they be advised as the divestment process unfolds?

- Yes. The government is respectful of the unions and will ensure they are engaged by ONTC in accordance with collective agreement requirements and applicable laws.
- There are four unions that represent ONTC employees:
 - Canadian Auto Workers
 - International Brotherhood of Electrical Workers
 - Teamsters
 - United Steelworkers

Q16: How is this going to impact ONTC employee pensions?

- The pensions of ONTC retirees are protected.
- The province will stand behind the ONTC pension plan to ensure that the pension obligations to retirees under the ONTC pension plan are met.
- All Ontario registered pension plans, including the ONTC pension plan, are subject to the Ontario Pension Benefits Act. Both the ONTC pension plan and the Pension Benefits Act contain express provisions which protect the pensions of retirees.
- The ONTC pension plan will continue to be administered and funded in accordance with applicable laws during the divestment process.

Q17: How will the sale process unfold?

- [Click here for information on the five stages in the divestment process.](#)

Q18: Has there been any interest from the private sector?

- The ministry is optimistic that there are great opportunities for the private sector to sustain viable businesses from the various ONTC assets.
- To date, there have already been approximately 30 unsolicited expressions of interest from private sector entities in the various ONTC lines of business.
- The ONTC board will ensure a fair and thorough process in all transactions, and that regular communication takes place appropriately during the divestment of any line of business.

Q19: What does divestment mean for ONTC freight customers?

- The government is paying close attention to the freight needs of industry, and the ministry continues to meet with ONTC's major freight customers.
- In fact, the Growth Plan for Northern Ontario includes the development of a "Multi-Modal Transportation Strategy" – led by the Ministry of Transportation – that will form the blueprint for a modern, sustainable transportation system.
- The strategy will build on investments by all levels of government and line them up with strategic northern priorities. And it will be much broader than just bus or train services – it will integrate long-term planning for air, road, rail and marine transportation in Northern Ontario.
- ONTC shippers impacted by the divestment decision will be directly consulted for input that will inform the strategy.
- There are opportunities for the private sector to sustain viable business entities from ONTC assets. There have already been approximately 30 unsolicited expressions of interest from various private sector entities in the ONTC lines of business.
- There is over \$30 million in freight revenue moving on ONTC lines that should be attractive to other carriers. A recovery in the forestry sector and new mining developments would further enhance interest in this business.
- In addition, a private company may be able to find synergies that are unavailable to the ONTC.

Q20: When will the multi-modal transportation strategy mentioned in the Northern Growth Plan be completed?

- The final study completion is expected by fall 2013, or early winter 2014.
- It is an opportunity to assess Northern Ontario's transportation infrastructure and services and outline long-term needs for an integrated transportation system.
- ONTC shippers impacted by the divestment decision will be directly consulted through this process.

Q21: Will there be job impacts relating to other businesses that rely on the ONTC?

- The ONTC board will be focusing on buyers who will continue to run the operations.
- The goal of the divestment process is to select buyers that will provide value to the taxpayer, maintain service levels and minimize adverse effects on labour.
- Divesting the ONTC provides an excellent opportunity for the private sector to propose sustainable business models that will stimulate local economies and maintain jobs.
- That is why we are proceeding in a careful and thorough manner.
- The government is working closely with executives of the ONTC to consider the impacts on Northern communities, businesses and industry.
- The board is comprised of individuals with expertise for the divestment process, and they are committed to attaining the best possible outcome for Northern Ontario.

Q22: What are the timelines for the divestment of Ontera?

- The government is committed to a fair and competitive divestment process and we expect the sales process to be completed by early winter. In the meantime, Ontera operations continue as usual.

Q23. What are the timelines for the rest of the divestment process?

- At this time, there is no set time frame associated with the process, although we hope to have the process complete by spring 2013.

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